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SUBJECT: FRANCE: INTERIOR MINISTER PLEDGES "RETURN
OF THE STATE" AS KEY TO ECONOMIC SECURITY

¶1. (SBU) Summary: French Interior Minister Alliot-Marie made an impassioned case for the "return of the state" in economic governance and a law enforcement approach to economic security at a recent high-level business colloquium. Ambassador Stapleton was invited to speak on security and globalization and addressed 100% cargo scanning. Alliot-Marie's theme captured the preoccupation of the French body politic. The Ambassador's remarks focused on cooperation between major economies and science-based risk management. End summary.

The Return of the State
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¶2. (SBU) Minister of Interior Michele Alliot-Marie gave an impassioned speech at an October 21 colloquium on economic security hosted by French employer's union, MEDEF. Arguing that the financial crisis was the end of the age of innocence, Alliot-Marie said the financial system was threatening to "dig its own grave" through its "sophistication and destructive imagination." The State needed to recognize citizens' vulnerabilities before a range of threats, including the "growing gulf between the development of the market and democracy." Globalization brought more than just economic growth; it also brought greater threats to the economy, energy security, environment, and public safety.

¶3. (U) Alliot-Marie said the State was the keystone in responding to society's needs, and the Interior Ministry of the 21st century needed to pursue a global approach to security that included economic security. She called for more state intervention in establishing and enforcing common ground rules in finance, as well as taking a law-enforcement approach to economic security. She stressed that the State must become as agile in anticipating criminality as bad actors are in exploiting disappearing borders, new technology, and loopholes in regulatory oversight. While highlighting her own "tough on crime" message, Alliot-Marie signaled her intent to seek a stronger role in financial crime and law enforcement issues.

¶4. (SBU), MEDEF president and key Sarkozy reform ally, Laurence Parisot, gave remarks that dovetailed with Alliot-Marie's focus on order and the State. Parisot stressed that for open markets to work, common rules must apply. She disparaged China's currency valuation policy as an example of not playing by the rules. Parisot repeatedly drew attention to the importance of strengthening the transatlantic partnership, even if "Europe does want

to go faster" on some regulatory issues.

100% Scanning

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15. (SBU) Ambassador Stapleton underscored continued U.S. commitment to free trade as implementation of the 9/11 Act's requirement to scan 100% of U.S.-bound containers moves forward. He rejected the characterization of 100% scanning as a trade barrier. But he acknowledged the challenge of crafting appropriate and balanced policy responses when emotions run high at times of crisis. Security policy needed to be based on science and fact, not emotion or fear. The United States would use all of its risk-management and analytical tools in implementing the 100% scanning mandate.

16. (U) Neither French Customs nor industry (DHL) panelists criticized 100% scanning head-on, but both stressed the need to put people, not algorithms, at the center of anti-terrorism enforcement action. Industry representatives also pushed for U.S. recognition of industry "good conduct" ratings established through the EU's Authorized Economic Operator concept. The largely business audience took a strong interest in the 100% scanning discussion, and thinned considerably once it had ended.

17. (U) The French Embassy in Washington will host a November 7 colloquium on "Securing the Supply Chain: The European Customs Approach." Featuring French,

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German, and EC speakers, the event is expected to air continued EU and industry concern over 100% scanning.

18. (SBU) Comment: The "return of the state" theme is clearly not unique to France in the current environment. But the gusto with which the political class has embraced it may be. President Sarkozy continues to set the tone for his government, announcing initiatives to support employment, provide financing to small business, jawboning banks into lending to business, and generally working to reassure the French that there's a "pilot in the plane." For the moment Laurence Parisot's MEDEF and the business community are playing along, pushing code-of-conduct standards on remuneration and otherwise echoing the government's call for a "moralization" of capitalism. But the emotion behind Alliot-Marie's pitch reminds us that, in an environment that some view as a vindication of French dirigisme, the risk of overreach is considerable.

STAPLETON